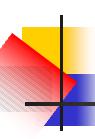
Web-Access

- California Energy Commission Website
 - http://www.energy.ca.gov/portfolio/notices

- California Wind Energy Collaborative (CWEC)
 - http://cwec.ucdavis.edu/rpsintegration

The Role of the CEC Integration Study in the California RPS Program

Dan Adler
CPUC Division of Strategic Planning
dpa@cpuc.ca.gov



Status of RPS Implementation

- The CPUC has met its statutory obligation to make key RPS findings by June 30, 2003
 - Flexible Compliance and Penalty Rules established
 - Least Cost/Best Fit bid ranking parameters set
 - Standard Contract Terms and Conditions some parameters established; workshops this week and next
 - Market Price Referent process set refinement of CEC report "Comparative Cost of Central Station Generation" is ongoing. This report will be the basis for a CPUC-CEC staff recommendation for the MPR, subject to party comment
- Substantial work remains to be done in these areas, but the CPUC-CEC team is on course to complete this work by year's end



Status of RPS Implementation Cont.

- CPUC Pres. Peevey issued a Ruling on Aug. 13th setting guidelines for renewable procurement prior to completion of RPS implementation
 - California's IOUs will be able to procure eligible renewable generation this year and continue progress towards the RPS goals



Status of RPS Implementation Cont.

- CPUC-CEC Collaborative Staff continue to work closely on issues such as
 - Setting the renewable generation baseline
 - Tracking renewable generation
 - Certifying eligible technologies, including DG
 - Establishing rules for out-of-state resources



Key RPS Issues: Transmission Expansion

- With input from the CEC, the CPUC must produce an RPS Transmission Plan for the Legislature by 12/1/03
 - The CEC provided draft results of its renewable resource potential assessment in June
 - PG&E, SCE and SDG&E have taken this assessment and produced individual transmission plans that will result in the achievement of RPS goals
 - CPUC staff is consolidating these plans into one report, and will draw from the plans key policy implications the Legislature should consider in supporting the RPS



Key RPS Issues: Transmission Expansion

- The CPUC RPS Transmission Plan will signal prime development locations for renewable generators to locate
 - RPS bids will be adjusted to reflect the cost of transmission to bring renewable power online
 - The CPUC is working on methods to address the free rider problem in transmission financing, in which all costs are borne by the first generator into a resource area



Key RPS Issues: Bid Ranking and the Integration Study

- The June RPS Decision (D.03-06-071) establishes the Integration Study's role in evaluating RPS bids
 - Once a bid is short-listed, its costs are reassessed using the Integration Study's results for site-and technologyspecific projects
 - These results must be squared with the ISO's Amendment
 42 process for scheduling intermittent resources



Key RPS Issues: Bid Ranking and the Integration Study

- Staff now understands that the Integration Study may also yield useful information regarding the capacity values of RPS technologies
 - To the extent this proves true, these results may also be utilized in the bid ranking process



Key RPS Issues: Bid Ranking and the Integration Study

- Bringing Integration Study results into the CPUC process
 - Results should be readily converted into consistent, (relatively) transparent methodologies that can be "plugged in" to the evaluation process for each RPS bid
 - Methodologies for capacity value assessment and integration costs will likely need to be submitted into the RPS record and subjected to a round of party comment; formal hearings may or may not be needed
 - A formal Commission decision accepting these methodologies must be adopted



Hypothetical Timeline for Further RPS Development – One Analyst's View

- September 12th- December 31st
 - Finish Standard Contract Terms workshops, prepare recommendation to CPUC, and adopt Final CPUC Decision
 - Publish white paper on the Market Price Referent, hold workshops, prepare recommendation, and adopt Final CPUC Decision
 - Finish RPS Transmission Report to the Legislature (12/1/03)
 - Establish baseline renewable generation for each IOU
 - Open new RPS Rulemaking including rules for small IOUs, ESPs and CCAs
- September 12th Q1 2004
 - Establish methodology for transmission cost adders in the CPUC Transmission proceeding (I.00-11-001)



Hypothetical 2004 Sequence of Events in the RPS – One Analyst's View

This sequence illustrates the order in which elements may commence; work will be ongoing and will overlap.

- CPUC establishes RPS procurement targets for each IOU
- IOUs file their RPS Procurement Plans specifying products sought
- CPUC approves RPS Plans
- Prospective RPS bidders submit data to the CPUC Transmission proceeding; a bid adder reflecting expected transmission costs is developed, subject to dispute
- IOU RFP is issued for CPUC-approved renewable products
- CPUC initiates production of Market Price Referent for this bid cycle



Hypothetical 2004 Sequence of Events in the RPS – One Analyst's View

- Bid closes; MPR revealed
- IOU evaluates bids, using Integration Study results
- Bid evaluation, including methodology, shared with Procurement Review Group
- Proposed contracts submitted to Commission via Advice Letter;
 PRG provides comments simultaneously, other parties subsequently
- CEC provides preliminary determination of Public Goods Charge availability
- CPUC makes final determination on contracts